

# REFORMS AND THEIR STATUS

DECEMBER 2014

## Develop a team committed to expedited project delivery

### **REFORM I: Ensure efficiency and accuracy through strong management direction**

Develop a strategic plan that will serve as a roadmap for WSDOT. It will identify specific outcome measures and leading indicators to support each of the agency's goals.

**PROGRESS:** Since the launch of WSDOT's Strategic Plan, we continue to conduct outreach with stakeholders to inform and engage them of our goals and progress. We have identified outcomes to support each of the agency's six goals. To ensure focus and alignment throughout the organization, these have been incorporated into implementation plans, which WSDOT is now implementing for each goal. Through these plans, we are actively working on implementing 23 strategies. We will report on the progress of the Strategic Plan in future editions of the Gray Notebook.

### **REFORM II: Reward innovation in cost effective design and construction management**

Evaluate options for rewarding innovation in design and construction incentives, develop a contractual approach to allow Alternative Technical Concepts (ATC) during bidding and evaluate concepts to allow contractor-led value engineering and constructability reviews.

**PROGRESS:** WSDOT has developed draft specifications regarding ATC use with design-bid-build jobs. Implementation of an ATC process to be applied against select design-bid-build projects will require a change in current law.

WSDOT is working with its partners to develop a concept to allow our agency to develop and implement a process that allows for the use of ATCs. It could be used in the future for potential agency request legislation.

### **REFORM III: Develop workforce**

Make a development plan and exploring cost-effective ways to address: Workforce Development – staff training in best industry practices;

Leadership Development and Succession Planning – preparing the right employees for future executive-level positions; retraining talent within the agency; and, Internship Programs – actively recruit interns for entry-level engineering positions.

**PROGRESS:** The Develop Workforce reform team has identified and agreed upon important components of organizational and individual development. They include management training options from entry to executive-level and the development of individual training plans taking into consideration core competencies and providing guidance for expectations to improve decision making agency wide. The team is currently developing the strategies necessary to bring these items to fruition.

As part of succession planning, WSDOT sent three individuals to the 2014 AASHTO National Transportation Institute at Indiana University. The extensive two-week training is designed to provide grounding in fundamentals as well as more sophisticated concepts and practices in the leadership of department operations. The curriculum is geared to the graduate level and emphasizes the challenges of administering complex organizations similar to WSDOT. WSDOT will send 26 managers to the 2014 AASHTO National Transportation Management Conference in Spokane. The conference introduces participants to the tools, techniques and best practices needed for effectively managing people and projects. The conference is being conducted at WSDOT's request and will include participants from WSDOT, other states and Canada. The AASHTO Training Director is receptive to conducting a future National Transportation Management Conference in western Washington to provide additional opportunities for WSDOT managers.

The Governor's budget proposed \$2.5 million for a Washington State Ferries training initiative for the FY15-17 budget. This will build skills and develop capacity to fill senior positions with technically skilled employees.

### **REFORM IV: Increase opportunities for disadvantaged business enterprise (DBE)**

Take actions to maximize disadvantaged business enterprise participation in WSDOT projects, identifying areas and processes where reform is necessary.

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**PROGRESS:** A DBE Executive Committee was formed in December of 2013 and remains active. Thirty-eight tasks to increase and broaden DBE participation on WSDOT and local agency contracts are either completed or underway. A DBE Goal Committee is operational; 30-day contractor reporting on payments to subcontractors, including DBE's, is operational on WSDOT projects; a DBE forecasting data base is in place; updated specifications have been developed for FHWA review and approval; and performance management plans are being modified to incorporate key DBE competencies. Stakeholder involvement continues, and a key focus of the DBE Advisory Committee is to incorporate feedback regarding a new draft Executive Order and updated DBE Program roles and responsibilities. The intent is to align workload and authority for efficient and effective management.

## Implement programs that save money and mitigate risk

### REFORM V: Implement Practical Design

Implement a new approach to developing projects that target transportation solutions for the lowest cost, assesses all components of project design at its earliest stages and engages local stakeholders to define scope to ensure their input is heard at the right stage of project design.

**PROGRESS:** WSDOT's practical design reform implementation is progressing from policy development to implementation. Executive Order E1090.00 was adopted in August 2014 and resources for planning and project teams have been developed. Key elements of the WSDOT Design Manual have been revised, and additional guidance is underway. A cross-functional team assisted regions in reviewing WSDOT's unfunded priorities list, looking for opportunities to achieve the same function more cost effectively.

### REFORM VI: Strengthen quality assurance protocols for increased accountability

Create an independent audit verification program; streamline quality assurance guidance utilizing Lean principles; and, create a quality assurance manager position to assure our quality assurance program is being effectively implemented.

**PROGRESS:** The 2014 supplemental budget allowed existing funding to support a new quality assurance manager who will report to the Secretary. This position will ensure a high level of quality across the agency by working closely with the Asst. Secretaries for Community and Economic

Development and Engineering and Regional Operations to evaluate gaps, identify best practices and recommend changes to critical processes. A Position Description and Recruitment Announcement is developed. To improve our ability to recruit and hire the right person, we will utilize the services of an independent recruitment firm. We expect to move forward with the hiring process by January.

### REFORM VII: Expand and strengthen construction contracting methods and protocols

Implement a thorough risk analysis protocol for choosing the appropriate contracting method for all projects and obtain authority to utilize additional contracting methods — in particular, general contractor/construction management (GCCM). GCCM increases flexibility by providing an additional contracting method to deliver complex construction projects.

**PROGRESS:** Proposed GCCM implementation requires a change in current law. Working with industry partners from the Association of General Contractors (AGC) and the American Council of Engineering Companies (ACEC), we are developing selection criteria, a contract template and draft legislation required to successfully implement GCCM on highway projects. We are working with these same partners to develop a risk-based protocol for selecting the appropriate contracting method overall (i.e. design-bid-build, design-build or GCCM). WSDOT, in conjunction with our industry partners, plans to request GCCM enabling legislation in 2016. WSDOT is also pursuing GCCM, utilizing authorization under the Capital Projects Advisory Review Board, for the Colman Ferry Dock upgrade.

### REFORM VIII: Implement vessel construction and maintenance improvements suggested by State Auditor's Office (SAO) and develop cost-effective protocols to staff every scheduled ferry sailing

Strengthen five leading practices identified in a SAO audit and actively prepare to recruit for 81 positions to staff up to the appropriate level.

**PROGRESS:** The SAO report listed 15 "leading practices in ferry construction" and judged whether WSF used them effectively, used them but use could be strengthened, or did not use them. According to that report, eight of the 15 practices are used effectively, five practices are used but use could be strengthened (and are items that WSF strengthened during construction of the Olympic Class vessels) and two of the leading practices not being used. They include, "Design is complete

and reviewed before construction begins” and “Use an independent owner’s representative.” Construction of the Olympic Class vessels was started after design was completed and reviewed. Regarding the recommendation on using an owner’s representative, a followup study of this construction model concluded that it would raise the cost of vessel construction by \$0.9 million to \$1.6 million with no benefit to the State. By way of context, the two Olympic Class vessels have less than 1% in change orders.

WSF’s actions to address staffing challenges include hiring two Able Bodied Seaman (A/B) and training 22 Ordinary Seaman (OS) as Able Bodied Seaman, with a majority receiving USCG certification. We accelerated the annual summer hiring process for OS and hired 51 entry-level deckhands before summer season. Additionally, WSF continued 2nd Mate orientation and training with a maritime training contractor to qualify mates for this summer, and rehired a previously employed qualified deck officer and one retired WSF deck officer for the summer season.

To increase the number of AB’s in the system, WSF implemented a paid-training program for current WSF employees to obtain their AB tickets. As mentioned above, this produced 22 qualified AB’s so far, with an additional 20 OS’s scheduled for training in October/November 2014.

To increase the fully-qualified pool of Masters, Mates and Pilots (MMP) personnel WSF has taken the following steps-

- Recruited four Port Captain Interns from a maritime academy.
- Recruited six IBU employees to participate in MMP Training Program
- Signed a Memorandum of Agreement to utilize partially-qualified mates to fill 2nd Mate positions.

These efforts are expected to partially alleviate WSF’s critical deck officer shortage in early 2015. These training initiatives will increase the ranks of marine employees qualified to fill positions needed for reliable service.

## Establish cost-effective and efficiency measures to improve performance

### REFORM IX: Lean, more cost-effective operations

Remove duplicative tasks or unnecessary steps; training employees in Lean management with a goal of identifying areas where cost savings can be gained and work can be done more efficiently.

**PROGRESS:** WSDOT has initiated 36 Lean projects since 2012 to improve the effectiveness of processes and better meet customers’ needs. Twenty-three projects are being tracked and we have completed 13 projects that are now in “maintenance” phase. We established a centralized Lean Office in September that will actively champion the agency’s Lean efforts and culture of continuous improvement.

WSDOT’s Lean Office will train and equip employees and leaders in their roles and needed skills. It will also promote consistent application of Lean across WSDOT by providing standard processes, materials and tools. We are currently developing in-house Lean Practitioner training and plan to provide the first training in December followed by the new practitioners completing their first Lean projects in winter 2015.

### REFORM X: Streamline tolling operations, costs and efficiencies

Reducing overhead and eliminating duplicative tasks to make tolling operations more efficient and cost effective; implementing Lean practices, reviewing contracting methods, improving toll collection efficiency and evaluating toll-facility planning.

**PROGRESS:** The Toll Division negotiated with one vendor for efficiencies and cost reductions. Ten Lean initiatives are actively underway, and eight Lean initiatives have been completed.